

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

IN RE:

CAH ACQUISITION COMPANY 12,
LLC,

Debtor.

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Case No. 19-10641-R
Chapter 11

UNITED STATES TRUSTEE’S OBJECTION TO DEBTOR’S EMERGENCY MOTION
FOR INTERIM AND FINAL ORDERS AUTHORIZING DBETOR IN POSSESSION TO
(I) OBTAIN POST-PETITION FINANCING PURSUANT TO SECTION 364 OF THE
BANKRUPTCY CODE, (II) GRANT LIENS, SECURITY INTERESTS AND
SUPERPRIORITY CLAIMS, (III) USE CASH COLLATERAL PURSUANT TO
SECTIONS 105, 361, 362, 363, 503 AND 507 OF THE BANKRUPTCY CODE, (IV)
PROVIDE ADEQUATE PROTECTION; (V) WAIVE APPLICABLE STAYS;
AND (VI) SCHEDULE FINAL HEARING

Ilene J. Lashinsky, United States Trustee for Region 20 (the “U.S. Trustee”), by and through the undersigned counsel, hereby objects to the financing motion [Dkt. No. 3] (the “Financing Motion”) filed herein by Debtor CAH Acquisition Company 12, LLC (the “Debtor”). In support hereof, the U.S. Trustee represents as follows:

1. The Debtor, through its Receiver, filed the above-styled bankruptcy case on April 1, 2019 (the “Petition Date”). The Debtor is a Delaware limited liability company.
2. The Receiver was appointed by Order of the District Court in and for Osage County, Oklahoma on February 27, 2019.
3. For the reasons set forth more fully in *United States Trustee’s Motion to Appoint Chapter 11 Trustee* [Dkt. No. 26] (the “Trustee Motion”), the U.S. Trustee disputes the legality of the Receiver’s role as debtor in possession.
4. As such, the U.S. Trustee objects to the Receiver borrowing monies and encumbering property of the Debtor.

5. In addition, the Debtor has provided no budget to support the expenditures of the monies to be borrowed. The Debtor has provided little to no information regarding either cash on hand or current operations.

6. The Debtor has also provided no information regarding whether or not secured creditors of the Debtors exist.

7. Finally, the U.S. Trustee objects to certain of the provisions contained in the loan and security documents accompany the Financing Motion, as has been communicated to counsel for the Debtor. These provisions include, but are not limited to: (1) default and change in control language that would seem to dictate a trustee appointment process that is contrary to Section 1104 of the Bankruptcy Code, (2) priming language for which there is no factual support and (3) the payment of fees and expenses of the “Lender” without review for reasonableness.

In light of the above, the U.S. Trustee seeks an Order from this Court denying the Financing Motion.

Dated this 4th day of April, 2019.

ILENE J. LASHINSKY
UNITED STATES TRUSTEE

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